Reduction in investment limit of SSIs

3572. SHRI RAMDAS AGARWAL: Will the Minister of INDUSTRY be pleased to state:

(a) whether Government have decided that the investment limit of SSI units will be reduced from three crores to one crore;

(b) if so, whether Government have examined as to what would be the fate of these industries under the previous scheme of three crores investment; and

(c) whether Government feel that such drastic reduction will have a bad impact on the future of SSIs and propose to reconsider their decision?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) to (c) The Prime Minister announced at the Laghu Udyog Bharti function held on 29.4.1998 that the investment limit for a SSI unit would be reduced from Rs. 3 crores to Rs. 1 crore. Necessary follow up action on PM's announcement is being taken.

All necessary steps would be taken to safeguard the interests of the SSI units which have either expanded or have otherwise become SSI units with investment ceiling of Rs. 3 crores. It would also be ensured that modernisation and expansion of the SSI sector does not suffer as a result of the follow up action on the PM's announcement.

Financial services scheme for SSIs

3573. SHRI PARAG CHALIHA: Will the Minister of INDUSTRY be pleased to state:

(a) the details of the 'financial service scheme' formulated for SSI in the country;

(b) he criteria adopted for extending financial assistance to the SSI entrepreneurs; and

(c) the details of financial assistance/ services provided to the entrepreneurs during the each of the last three years in each of the States of North East Region?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) There is no scheme by the name of Financial Service for Small Scale Industries (SSIs) in the country. However, Small Industries Development Bank of India (SIDBI) provides several financial services to meet various needs of entrepreneurs of small scale industries in the country. These cover assistance for setting up new projects and for activities like expansion, modernisation, technology upgradation, marketing, export promotion, infrastructure development etc.

(b) The criteria for providing assistance to entrepreneurs relate to managerial capabilities of the promoter, technical, marketing & commercial aspects and overall viability of the project. The major parameters governing assistance from SIDBI are promoters contribution, debit-equity ratio & debt service coverage ratio. The objective is to ensure that no viable proposal is denied credit by SIDBI for want of funds. First generation technocrats, women entrepreneurs an those in tiny sectors are encouraged to set up their units with reduced promoters contribution and more favourable debt-equity ration.

(c) The assistance sanctioned and disbursed by SIDBI in each of the States of North East Region during the last three years is given in the Statement.